

CITY OF MEDIAPOLIS

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE PERIOD
JULY 1, 2019 THROUGH JUNE 30, 2020

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City of Mediapolis

Officials

(Before January 2020)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gina Riherd	Mayor	Dec 2019
Chuck Massner	Council Member (Mayor pro tem)	Dec 2021
Randy Doyle	Council Member	Dec 2019
Tim Licko	Council Member	Dec 2019
Clark (Lee) Kerr	Council Member	Dec 2021
Troy Garrison	Council Member	Dec 2021
Lindsey Siegle	City Clerk	Indefinite
Lori Young	Treasurer	Indefinite
William R. Jahn, Jr.	Attorney	Indefinite

(After January 2020)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Thomas Young	Mayor	Dec 2023
Chuck Massner	Council Member (Mayor pro tem)	Dec 2021
Randy Doyle	Council Member	Dec 2023
Tim Licko	Council Member	Dec 2023
Clark (Lee) Kerr	Council Member	Dec 2021
Troy Garrison	Council Member	Dec 2021
Lindsey Siegle	City Clerk	Indefinite
Lori Young	Treasurer	Indefinite
William R. Jahn, Jr.	Attorney	Indefinite

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and Members of the City Council:

I performed the procedures below, which were established at Iowa Code Chapter 11.6 to provide oversight of Iowa cities. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of Mediapolis for the period July 1, 2019 through June 30, 2020, including procedures related to the City's compliance with certain Code of Iowa requirements identified below. The City of Mediapolis' management, which agreed to the performance of the procedures performed, is responsible for compliance with these requirements and for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures I performed are summarized as follows:

1. I observed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I obtained an understanding of the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I observed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and observed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. I scanned City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. I observed the City's fiscal year 2019 Annual Financial Report (the Report that was due during the fiscal year under examination) to determine whether it was completed and accurately reflects the City's financial information.
7. I scanned investments to determine compliance with Chapter 12B of the Code of Iowa.
8. I scanned depository resolutions, the City's investment policy and reporting of unclaimed property to the State of Iowa to determine compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa.

9. I scanned debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
10. I scanned selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
11. I observed the City's TIF debt certification forms filed with the County Auditor for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
12. I traced selected receipts to accurate accounting and consistency with the recommended COA.
13. The City had no voter approved levies.
14. I traced selected disbursements to proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
15. I traced transfers between funds to proper authorization and accurate accounting and determined whether proper.
16. I traced selected payroll and related transactions to proper authorization and accurate accounting and determined whether proper.
17. I observed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I identified various findings and recommendations for the City. My findings and recommendations are described in the Detailed Findings and Recommendations section of this report. Unless reported in the Detailed Findings and Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on specific accounting records and related information of the City, including compliance with specific Code of Iowa requirements. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is to report, in accordance with Chapter 11.6 of the Code of Iowa, certain agreed-upon procedures and the resulting findings and recommendations pertaining to selected accounting records and related information of the City, including the City's compliance with certain Code of Iowa requirements. This report is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Mediapolis during the course of the agreed-upon procedures engagement. Should you have any questions concerning any of the above matters, I would be pleased to discuss them with you at your convenience.

Ted M. Wiegand, CPA

November 18, 2020

City of Mediapolis

Detailed Findings and Recommendations

For the period July 1, 2019 through June 30, 2020

- (A) Segregation of Duties – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements. Generally, one individual has control over each of the following areas for the City:

- (1) Cash – handling, reconciling and recording.
- (2) Receipts – opening mail, collecting, depositing, recording, reconciling and posting.
- (3) Disbursements – purchasing, invoice processing, check writing, mailing, reconciling and recording.
- (4) Payroll – recordkeeping, preparing and distributing.
- (5) Utilities – billing, collecting, depositing and posting.
- (6) Financial reporting – preparing and reconciling.

Recommendation – I realize segregation of duties is difficult with a limited number of employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

- (B) Clerk's Monthly Report to Council – Petty cash on the Clerk's June 2020 report was reported as \$425 but should have been \$300.

Recommendation – Petty cash should be reported on the monthly Clerk's report at \$300.

- (C) Timesheet approval – One timesheet selected had no evidence of supervisory approval.

Recommendation – Employee timesheets should be reviewed and approved by a supervisor. The supervisor should initial or sign off as evidence of this review.

- (D) Fund transfers – Certain inter-fund transfers were made during the year but were not approved by board resolution. These included a TIF transfer in December 2019, monthly local option sales tax transfers from October through June 2020, and the Library FICA and IPERS transfer at year end.

Recommendation – The City Council should approve all inter-fund transfers with a resolution that includes details of the date, amount, funds involved, and purpose of the transfer.